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SERVICE SECTOR INDICATORS

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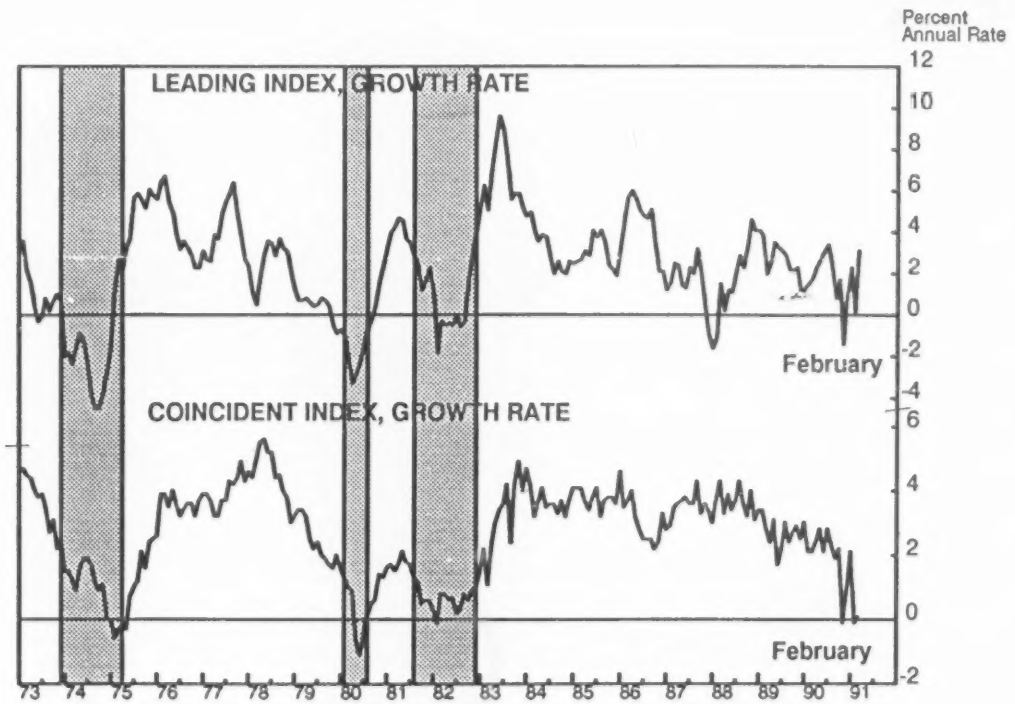
SERVICES LEADING INDEX GROWTH JUMPS TO EIGHT-MONTH HIGH

The leading index of service sector activity, compiled by the Columbia Business School's Center for International Business Cycle Research (CIBCR), rose from a revised 165.4 in January to 168.3 in February, while its smoothed annualized growth rate shot up to 3.1% in February from a revised 0.0% in January. The rise was triggered by a sharp rise in stock prices in the service sector, accompanied by smaller rises in construction contracts for commercial buildings and the average workweek in the service sector.

The coincident index of service sector activity registered a much smaller rise, from a revised 192.1 in January to 192.4 in February, pushing its smoothed annualized growth rate to 0.1% in February from -0.1% in January. The rise was caused by small rises in all available components, namely, personal consumption expenditures, labor income, and employee hours in the service sector.

Thus, while growth in the service sector continues to languish, the spurt in the services leading index may be a harbinger of better days ahead.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Profit Margins, Services (cents per dollar)
	1.	2.	3.	4.	5.	6.
1989:						
Sept.	163.2	2.2	32.74	832	122.1	4.37
Oct.	163.6	2.3	32.81	849	122.6	4.29
Nov.	162.7	0.9	32.69	740r	120.1	4.22
Dec.	163.2	1.2r	32.69	695r	120.6	4.29
1990:						
Jan.	163.6	1.5	32.61	816r	116.5	4.36
Feb.	164.1	1.8	32.74	742r	112.1	4.44
Mar.	164.9r	2.3r	32.76	713r	114.6	4.49
Apr.	165.6r	2.7r	32.81	725r	113.8	4.54
May	166.2r	3.1r	32.76	733r	117.3	4.59
June	166.8	3.4	32.83	668r	121.2	4.57
July	166.2	2.3	32.78	552r	118.5	4.54
Aug.	165.1	0.8	32.66	576r	106.0	4.51
Sept.	166.1	1.7	32.92	587r	100.1	n.a.
Oct.	163.6r	-1.4r	32.39	586r	98.0	n.a.
Nov.	165.6r	0.9r	32.63	580r	102.0	n.a.
Dec.	167.1r	2.3r	32.89r	455r	107.8	n.a.
1991:						
Jan.	165.4r	0.0r	32.45r	510r	106.2	n.a.
Feb.	168.3	3.1	32.67	513	118.4	n.a.

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1989:						
Sept.	189.2	2.7	1928.9	1316.2	696.4	112.8
Oct.	189.9	2.9	1934.3	1319.3	698.6	113.6
Nov.	189.9	2.5	1939.7	1318.4	698.1	113.4
Dec.	190.8	3.0	1941.0	1333.7	700.8	113.9
1990:						
Jan.	190.3	2.1	1942.4	1318.8	696.6	114.6
Feb.	190.6	2.1	1943.7	1323.2	697.6	114.6
Mar.	191.3	2.4	1946.6	1330.5	701.5	114.9
Apr.	192.1	2.8	1949.6	1336.9	706.0	115.5
May	191.8	2.1	1952.5	1336.6	705.1	115.0
June	192.9	2.8	1957.4	1349.1	707.6	115.8
July	192.9	2.3	1962.4	1347.7	707.2	115.6
Aug.	192.8	1.9	1967.3	1351.5	705.3	115.2
Sept.	193.5r	2.2r	1971.8r	1353.2	706.9	116.3
Oct.	191.5	-0.1	1976.2r	1351.3r	690.1	114.4
Nov.	192.5r	0.8r	1980.7r	1353.1r	696.7	115.2
Dec.	194.1r	2.1r	n.a.	1365.8r	702.8r	116.0r
1991:						
Jan.	192.1r	-0.1r	n.a.	1363.7r	691.5r	114.5r
Feb.	192.4	0.1	n.a.	1364.1	691.8	115.1

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.

r = revised.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.

4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.

5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.

6. This quarterly series is (1) corporate profits with inventory valuation and without capital consumption adjustments for transportation and public utilities, wholesale and retail trade, finance, insurance and real estate, and services, divided by (2) gross national product for services, both in current dollars as compiled by the Department of Commerce. Quarterly data are interpolated by CIBCR.

9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.

11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.

12. Bureau of Labor Statistics, all employees.

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